

CITY OF VÄSTERÅS

Annual Report 2010



VÄSTERÅS STAD

Contents

Continued development in Västerås in 2010 3

DIRECTORS' REPORT

City Operations

Vision for Västerås 2026 4

The city as an employer 5

Economic review

The external environment and development of society 8

Economic analysis 9

Good economic administration 13

Group structure 14

Consolidated accounts

Summary of accounts 15

Internal bank 16

ECONOMIC SUMMARY

Income Statement, Cash flow statement 18

Balance sheet 19

Notes and comments 20

Auditor's report 25

Organisational chart 26

The Annual Report for 2010 may be ordered from the City of Västerås, City Executive Office, tel 021-39 11 02, info@vasteras.se or downloaded from www.vasteras.se

THE CITY OF VÄSTERÅS IN FIGURES

Tax rates 2010 and 2011

City	20.24
County Council	10.50
Total	30.74

Number of residents 31.12.2010 137,207

The natural population increase (number of births minus number of deaths) was 437. Net inward migration was 834.

Number of City of Västerås employees

Permanent employees	7,554
Temporary employees	2,251
Total	9,805

Turnover 2010 accounts

City of Västerås	SEK 7.3 billion
The Group	SEK 11.1 billion



CONTINUED DEVELOPMENT IN VÄSTERÅS IN 2010

The last year has been marked by initiatives for the future. In March 2010, the City Council unanimously adopted our new vision Västerås 2026 – city without limits.

During 2010, the city has been working purposefully towards achieving the goals of the strategic plan. We can also confirm that many of the goals have been reached and that work is continuing for another year. A new strategic plan, which will apply from 2012, is under development.

Västerås has long had a stable base of companies and forward looking business. This is something we wish to continue, and the city's new vision also states the importance of business for the development of Västerås.

The labour market took an upturn in 2010 and there is reason to look forward to positive developments in Västerås over the coming years. The fly in the ointment is that youth unemployment continues at a high level. We are participating in a number of projects to help young people into work. The annual Recruitment Fairs are also a good way to create mutual benefits for companies and jobseekers.

Work on Västerås' new general plan began in 2010. The general plan is one of the tools that can help to realise the goals of our vision Västerås 2026. Planning work also started in 2010 for the area around the station. This area will be developed into a living part of the city centre, a link between the city and Mälaren that will include the future travel centre, among other things. The aim is for the new travel centre to be ready in 2017.

Climate issues and the city's environmental work continued to be a priority in 2010. The city's environmental work has a long-term aspect

involving many comprehensive projects.

During the year, the new motorway between Enköping and Sagån was opened. This raises the quality of travel for commuters and goods transporters in Mälardalen. Work on improving infrastructure continues in the coming years.

There are some good examples of fruitful cooperation between the City of Västerås and other organisations. One such is the Social Contract, a collaboration agreement between the City of Västerås, the municipality of Eskilstuna and Mälardalen University, which really got going during 2010. The purpose of the contract is to raise competence levels in the region and in Västerås, to attract new students and to supply the region with a qualified workforce. Other important collaboration projects in the region include Robotdalen and Automation Region.

An important part of the work of creating a safe, prosperous and accessible city is the close collaboration between the authorities, organisations and private individuals in Västerås. One example of this is the Bäckby project in which the police, Bostads AB Mimer and others have been involved and which has resulted in a reduction of crime, damage and graffiti.

The work of following up on quality and increasing results achievement in schools has continued during 2010. Efficiency measures and reorganisations during the year have brought better results in terms of both economy and knowledge.

We can also look look forward to positive results in the user survey into care for the elderly that was carried out.

Thanks to the effective efforts of our operations we are pleased to confirm that the city once again achieved a positive financial result in 2010.

For 2011, we look forward to yet another eventful year during which we shall continue to vigorously develop our Västerås into a city without limits.



Elisabeth Unell (M)
Opposition Councillor



Ulla Persson (S)
Chair of the City Executive Committee



Monica Ericsson
Chief Executive Officer

THE STARTING SIGNAL HAS FIRED FOR VÄSTERÅS 2026


2010 was the year when Västerås gained a new vision. Västerås 2026 – city without limits was unanimously adopted by the City Council on 11 March.

The final decision was the result of comprehensive work involving politicians, managers, employees, industry, companies and residents. This broad-based effort has helped to give the vision a stable foundation, in which commitment is one of the cornerstones.

After the collection stage, collating the material took a great deal of work. The 4,500 suggestions received were treated with great respect and both the words and the underlying thoughts behind the various formulations were analysed.

Around three years after the City Executive Committee charged Chief Executive Officer Monica Ericsson with finding a new vision, it was presented, with the sights set on 2026.

Compared with the city's previous vision, Mälarstaden 2013, the new vision has a wider impact. The previous vision was directed more at the city's physical form. Västerås 2026 is more about what feelings we want to create and what our mental self image of the city is.



Västerås 2026 is also about what feelings we want to create and what our mental self image of the city is.

Since the vision was adopted the process of giving feedback to those involved has started. Another important phase is to implement it and begin the journey towards realisation.

The vision has been presented and discussed in connection with a great many activities, including with the city's managers and employees in various meetings. Externally, the result has been presented at various gatherings, as well as via the media and various information channels.

During Culture Night 2010, the vision was marked with the aid of a group of young dancers who visualised the city without limits. The vision film that was produced in 2010

was also shown at Culture Night. The film has been used on many occasions and can also be found on the city's website. It acts as both an information film and a springboard for discussion about the vision and what it contains.

An important task now is to illustrate the strength of the thoughts around Västerås 2026 – to live the vision! In order to achieve powerful and lasting results, the vision will guide the city's development in the long term and permeate all governing documents, plans and strategies that are produced within the organisation.

Västerås 2026 in brief

The vision includes a number of headings that create an image of how we should live in this city in 2026.

It is about a city in which people and technology live in symbiosis. A city bubbling with commitment, that is varied and open, and where diversity is an asset. A city with drive that creates harmony, security and growth. A city to be proud of!

The five headings of the vision are:

- World beating knowledge
- Together for Västerås
- Den mälarnära staden
- Västerås in the world – the world in Västerås
- Drive and pride

THE CITY AS AN EMPLOYER

The City of Västerås is the biggest employer in the county of Västmanland and is a large organisation in which personal development and internal mobility are encouraged. The strategic work for personnel at the City of Västerås aims to create strong conditions for recruitment, as well as retaining, developing and rewarding competent employees. The recruitment requirement within the City of Västerås is approximately 1,000 permanent employees per year.

The number of employees within the city is approximately 9,805 of whom 7,554 employees have permanent posts and 2,251 are temporarily employed. The number of posts has decreased during 2010, permanent positions by 1.5 per cent and temporary roles by 16 per cent. This reduction is partly due to effectivisation and rationalisation.

Of the permanent employees 1,754 work part-time. Most of the part-time employees work for proAros and Skultuna District Services, in health and social care.

The City of Västerås is a workplace where women are in the majority, with 7,800 women and 2,000 men.

Pay and pay trends

During 2010, the average pay for permanent employees increased by 2.9 per cent for women and 3 per cent for men. Average pay is SEK 22,900 for women and SEK 25,025 for men. No unjustified pay differences have been revealed in the reviews carried out together with the unions. Differences in pay are explained by differences in the nature of the work for trades dominated by either men or women. The central pay agreement was finalised at the end of the year and retroactive pay was given in December.

Age distribution

The average age of the City of Västerås' permanent employees is 47 and of temporary employees 35. The difference is largely due to many

people beginning their working careers in temporary positions. A trend of many years has been broken in that the number of employees over 60 has gone down. We can also note that the number of employees with an immigrant background has increased slightly and now represents 17.7 per cent of all employees. The opportunity to increase the number of employees with an immigrant background relates to the city's recruitment needs and the skills of applicants.

Health

Absence due to illness has been reduced again and is now 5.38 per cent, a reduction of 0.35 percentage points. The reduction is largely due to the reduction in long term absence. Compared with 2008, the proportion of absence due to illness of more than 60 days has gone down by 18 percentage points.

The economic downturn has affected absence due to illness, as have

WORD FOR WORD WHAT SOME WORDS AND TERMS MEAN.

Base year

The year chosen as a basis for calculating an index. An index is a comparison that shows the development of a value in relation to a defined starting point.

Net migration

Net migration is the difference between the number of people who move into and out of an area.

Solvency

Solvency indicates how great a proportion of assets are paid with the city's own tax funds. Solvency is the relationship between the city's equity and the total assets.

Swap

An agreement between two parties to exchange payment flow for a certain period.



EMPLOYEES

	2008	2009	2010
Permanent employees	7,870	7,696	7,554
Temporary employees	2,858	2,490	2,251
Total	10,728	10,186	9,805
Number of annual workers	7,906	7,645	7,421
City companies	1,050	852	857

EMPLOYEE COSTS SEK million

	2008	2009	2010
Wage costs	2,359	2,366	2,385
Social charges	798	716	722
Pension costs including wage tax*)	266	287	293
Personnel social costs	92	82	81
Total	3,515	3,451	3,481

Changes in employee costs	4.0%	-1.8%	0.9%
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*) refers to both previous and current employees

SICKNESS ABSENCE AS A PERCENTAGE

	2008	2009	2010
Sickness absence as a percentage of total work time	6.7	5.7	5.4
Long-term absence ≥60 days	4.0	3.0	2.3
Men	4.1	3.6	3.6
Women	7.4	6.3	5.9
<29 years	3.6	3.2	3.7
30-49 years	6.0	5.4	4.9
>50 years	8.1	6.7	6.3
Long-term absence as a share of total absence	60.3	52.7	42.8

The statistics refer to both permanent and temporary employees

changes in the application of health insurance. In addition, the City of Västerås works actively to promote health and combat ill health. The work of improving the health of the city's employees continues. A new support organisation for the health team has been introduced, with digital technology providing natural support in day to day work and the development of expertise.

Collaboration agreement

Work on the collaboration agreement that the city signed with the unions in 2009 has continued during the year. Under the agreement, both parties are responsible for creating a collaboration that works well. During the year, city management visited the city's 30 management groups to discuss employee policy, the collaboration agreement and pride in work. The theme of pride in work has also been discussed at workplace meetings, which have also discussed how the city as employer can be carried forward in a positive way. This is being followed up in 2011.

Positive employee survey

For the fourth year running, a joint employee survey has been carried out within the City of Västerås. The result shows a continued positive trend and the employees are even more satisfied than the previous year. Seven out of ten would recommend others to apply for a job with the city.

For many of the questions, the City of Västerås had a better result than other large workplaces. The employees have been able to respond to questions about organisation, management, operational climate, personal work situation/stress and customer information. An average 69 per cent responded positively to the questions. An overwhelming number of employees think that the requirements made of them are clear and possible to live up to. They also

think there is a balance between work, family and leisure time. The survey does however show that the stress factor has risen.

Action will be taken out in the operations and in every unit. The leadership index has not changed since the previous survey. Action will be taken to improve the managers' work situation.

Staffing planning

During the year, the proAros staffing service has put in a great deal of work to develop the administration's temporary staff needs. Staffing planning is an important instrument for getting the right person in the right place at the right time and for the effective utilisation of the employees' working hours.

Proactive and strategic HR function

Comprehensive education and training has been done to develop a more strategic and proactive HR function. 20 HR consultants have taken part in this, to develop the ability to be an important part of administration's management group.

Provision of competence

It has proved to be difficult to recruit staff with specialist expertise. The City of Västerås has therefore been working actively at influencing how the city is perceived as an employer, by both existing and potential employees.

Among other things, the city participates in recruitment fairs, offers trainee positions and has a quality assured recruitment process. Existing employees shall be proud ambassadors for the City of Västerås.

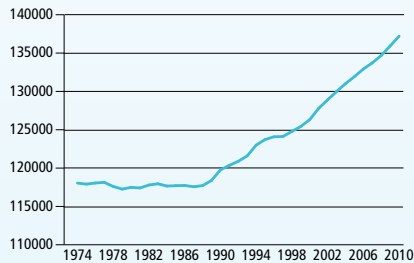
The organisation's need for IT expertise has been reviewed and work on designing an interactive competence development programme for IT has begun. A comprehensive review has also been made of teacher qualifications.

ECONOMIC REVIEW

The turnover of the City of Västerås is approximately seven billion Swedish crowns per year and of the city's businesses approximately five billion is financed by tax revenues. The statistics which are presented relate to operations that concern all of us who live in the municipality.

THE EXTERNAL ENVIRONMENT AND DEVELOPMENT OF SOCIETY

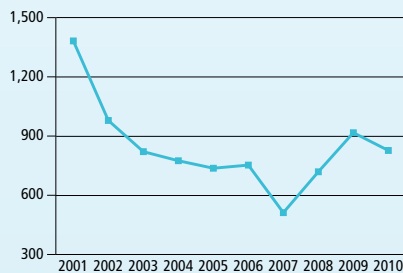
THE DEVELOPMENT OF POPULATION 1974–2010



Source: Stockholm Office of Research and Statistics

The population of Västerås was largely unchanged in the 1970s and 1980s at around 117,000. Over the last 20 years, the population has increased by an average of about 1,000 a year and at year end it was 137,207.

NET INWARD MIGRATION



Source: Stockholm Office of Research and Statistics

Net inward migration was 834 persons. Both domestic migration and net foreign migration were positive in 2010.

Economic trends in Sweden and the world

Economic trends in recent years have been dramatic in the global economy and in Sweden after financial unrest developed into a global financial crisis. Never before in modern times has global economic activity fallen as sharply and as deeply as at the end of 2008 and beginning of 2009.

Strong upswing in Sweden

As a result of the collapse in economic activity, the labour market deteriorated in Sweden too. When prognoses were at their most negative in 2009, the government and many others thought unemployment would approach 11 per cent.

The economic slump was powerful, but instead of an extended period of weak economic activity, there was an upturn towards the end of 2009 and the recovery has continued during 2010. Developments in Sweden have been impressive.

During 2010, Sweden's GDP grew by around 5 per cent. That is the biggest rise in GDP in a single year since 1970. We cannot count on such a rapid rise in the coming years but the estimate is still that the economy will continue to grow by 3 to 4 per cent a year.

Large surplus in the municipal sector

2010 is the second year running with a large surplus in the municipal sector, in spite of the effects on the Swedish economy of the financial crisis.

There are several reasons for the surplus. During the downturn, local and county authorities succeeded in quickly developing a crisis mentality that led to restraint in consumption and new employment, while at the same time several temporary factors helped to strengthen results. The major contributory reason was the government's decision to give temporary support to the municipal sector. Other factors were revised tax

revenue prognoses and the fact that the downturn led to relatively low wage and price rises.

Upturn in the labour market

The period of high unemployment has seen a reversal and there is every reason to envisage positive development in Västerås over the next few years. The number of new jobs increased strongly in the latter part of the year as a result of increasing orders. About 50 per cent more jobs came in during 2010 than the year before. Trade and logistics have now passed manufacturing as the biggest employers.

Biggest rise in population since 2001

The population of Västerås increased by 1,271 in 2010. That is the biggest increase in Västerås since 2001. At year end the city's population was 137,207.

1,639 children were born in Västerås during 2010. There have not been so many births since the baby boom in the early 1990s. The natural population increase (number of births minus number of deaths) was 437. Net inward migration was 834.

The greater part of this came from increased immigration. During 2007–2009, Västerås showed net emigration. That pattern now seems to have turned around. For 2010 net domestic immigration was 218 persons. This is due to inward migration from the rest of the county. Västerås still shows a negative migration with the rest of Sweden outside Västmanland. This is mainly due to migration to the Stockholm area.

In spite of the relatively high population increase in 2010, the increase in Västerås is somewhat lower than the average among Sweden's larger local authorities.

CITY OF VÄSTERÅS ECONOMIC ANALYSIS

The year's result

The year's result for the City of Västerås including extraordinary costs, capital gains and other items affecting comparability amounts to SEK +144 million. The year's result corresponds to 2.5 per cent of the city's tax revenues and general central government grant. The result includes an extraordinary cost of SEK 35 million in the form of an owner's contribution to Västerås Flygplats AB. The city budget for 2010 was based on a zero result.

Results according to the government's balance requirements

The year's result includes capital gains from sale of property of SEK 110 million. Excluding capital gains the result was SEK 34 million. The result excluding capital gains is that which is reconciled with the government's balance requirements. The city therefore achieved the balance requirement for 2010.

Balance requirement account, SEK millions

The year's result	+143.5
Less capital gains freehold leasehold land	-106.5
Less capital gains from sales of other properties	-3.4
Results according to the government's balance requirements	+33.6

Other items affecting comparability

Write-off of the value of fixed assets	20.5
Write-off e-municipality project	3.8

Together the above capital gains and other items affecting comparability have affected the net result by +85.6

Proposed allocation of result

The following allocation is proposed for the year's result of SEK 144 million:

SEK 34 million to balance fund
SEK 50 million to pension fund

Since 1999 the City Council has with reference to the balance requirement regularly decided to transfer a part of each year's surplus

to the so-called balance fund, an earmarked part of its equity. The balance fund is intended to meet fluctuations in the state of the economy and to be able to comply with the government balance requirement in the long-term. For 2010 it is proposed to transfer the year's result in accordance with the balance requirement of SEK 34 million to the balance fund. After the 2010 allocation the balance fund amounts to SEK 252 million.

Similar to many other municipalities the City of Västerås has large financial commitments for pensions. To have the liquidity to meet future payments, the city has built up a pensions administration (the pension fund). For 2010 it is proposed to transfer surplus of SEK 50 million to the pension fund, which means that the total displacement after this year's allocation amounts to SEK 435 million. The City Executive Office will present a new report that will form the basis for an updated target for the size of the pension fund and the need for further displacements over the next few years. Transfers to the pension fund are purely liquidity measures and do not affect the operating result for the year.

Capital gains from sales of leasehold land etc.

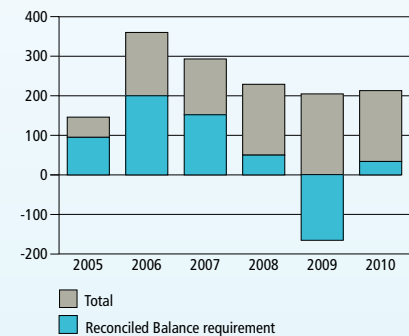
The sale of leasehold land has continued, but not to as great an extent as in 2009. In all, the freehold of 325 leases was bought out in 2010. After the year's sales, the city still owns about 5,300 small property leases.

The value of certain properties has been written down. Most of the write downs refer to harbour operations (SEK 18 million).

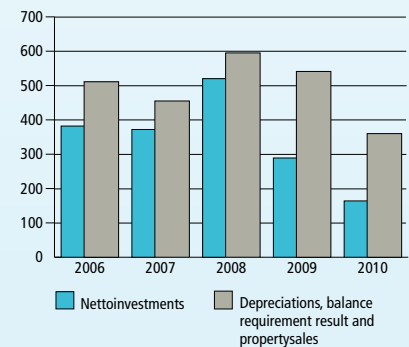
Shareholder's contribution

In June 2010, the City Council decided to make a shareholder's contribution of SEK 35 million to

RESULT BEFORE EXTRAORDINARY ITEMS, SEK million

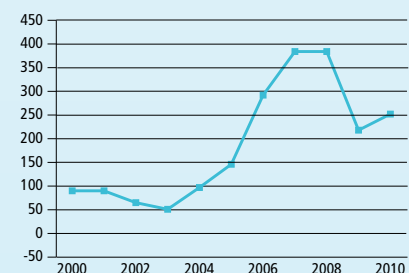


NET INVESTMENTS SEK million



Operating result, depreciation and sale of property have together been higher than net investments every year during the period. Investments have thereby been financed with own tax revenues, thereby avoiding having to borrow for investments.

THE DEVELOPMENT OF THE BALANCE FUND SEK million



The balance fund is an earmarked part of the city's equity. The balance fund amounts to SEK 252 million and is intended to meet fluctuations in the state of the economy and to be able to comply with the government balance requirement in the long-term.

SENSITIVITY ANALYSIS

Tax base ±1%	SEK 50 million
SEK 0.10 charge	SEK 28 million
1% increase in staff costs	SEK 35 million
Change in population per resident (increased tax revenues and government grants)	SEK 42,000

Västerås Flygplats AB. This cost appears as an extraordinary item in the city's results.

Analysis of results

The year's surplus excluding capital gains of SEK 34 million is mainly due to tax revenues being SEK 80 million higher than budgeted and that SEK 62 million of the City Executive Committee's budget reserve for the year remains unused. The increase in tax revenues and general government grants was 5.2 per cent (SEK 290 million). The general government grants include non-recurring government support of SEK 173 million with regard to the financial crisis. However cost increases for the city's operations were considerably higher than the increase in tax revenues and general government grants. Several of the city's committees and boards report significant budget deficits. Net costs excluding capital gains and joint reserves are SEK 84 million higher than budgeted. In addition comes the shareholder's contribution to Västerås Flygplats AB of SEK 35 million (extraordinary cost).

Higher tax revenues and government grants

When work on the 2010 budget began at the beginning of 2009, it was subject to a great deal of uncertainty and concern. It was feared that the financial crisis and economic downturn would lead to a severely limited tax basis. It was estimated that 2010 tax revenues would be lower than in 2009. The situation was partly eased by the central government decision to make a one-off grant to the local and county government sector, which meant an extra SEK 71 million in government grants for Västerås. The 2010 budget adopted by the city council in June 2009 included no compensation to the operations for increased wages and prices. Some committees even had

their budgets reduced. The budget was presented without a result margin, that is to say the objective was a zero result.

In autumn 2010, the budget outlook improved. Central government decided on a further one-off grant, which improved Västerås' income by SEK 102 million. Tax revenue prognoses also improved, now showing a small upward trend.

In the budget reconciliation in December 2009, the City Council decided to raise the committees' budget ceilings by SEK 54 million, which corresponds to 1.5 per cent of the operations' staff costs. Since the extra support from central government was on a one-off basis, the City Council decided to use it for non-recurring initiatives. The maintenance budget was therefore increased by SEK 68.5 million to cover extra street and park maintenance, renovation of open-air and indoor swimming pools, measures in the harbour and increased maintenance on a number of properties. The aim of the budget was still a zero result.

The budget that was adopted was based on a modest increase in the tax base. The budget assumed an increase in tax revenue of 0.8 per cent in 2009 and 0.4 per cent in 2010.

Loss of production in industry, however, did not appear to have quite as negative consequences for the Swedish labour market as had been feared. The outcome of 2009 taxation was better than estimated (1.3 per cent) and the increase for 2010 was estimated at 1.7 per cent. For the City of Västerås this put 2010 tax revenues SEK 80 million higher than budgeted.

Large increase in costs in 2010

Net costs for operations increased by 5.2 per cent in 2010. The costs increase includes the planned extra maintenance of SEK 68.5 million. The cost level must be followed closely and cost increases limited over the coming years if the city's

results target is to be achieved. This is especially the case when we take into account that a significant amount of the cost increase relates to negative budget variances in the operations.

Budget variances in operations

The city's order committees and other grant financed committees show a combined budget deficit of SEK 53 million.

The income financed implementation organisations also show a combined deficit of SEK 92 million if we ignore capital gains. Several of the implementation organisations are permitted in the budget to claim part of equity, after which the budget variance is SEK -33 million.

The largest negative budget variances are:

Home help - the number of hours used on home help has increased greatly in recent years. The number of used used for home help for the elderly increased by 9 per cent in 2009 and 13 per cent in 2010. The increase in home help for the disabled has been 24 per cent in 2009 and 23 per cent in 2010.

The Committee for the Elderly reports a budget deficit for home help of SEK 32 million and the Committee for the Disabled a deficit of SEK 13 million.

The city implementation organisations also report a deficit on home help, proAros SEK 9 million and Skultuna District Services SEK 0.3 million. These deficits are due to hourly rates not covering costs. Efficiency must be further improved. The present level of efficiency where an average 72 per cent of working hours may be debited out to users is not sufficient for an economy in balance.

The total reported budget deficit for home help for the city as a whole is SEK 54 million.

Adaptation costs in schools - proAros reports a deficit of SEK 32 million in school operations,

mainly due to substantial adaptation costs. The adaptation costs break down as profile schools SEK 9 million, empty premises at Gideonsberg and Lillhaga schools SEK 6 million, phasing out of programmes at Wenströmska upper secondary SEK 4 million and adaptation costs for adult education after contract losses of SEK 7 million. In addition to this are costs relating to replacing computers in schools under the Meaningful and Challenging Learning project (MUL 1 to 1), which meant procuring a large number of pupil computers.

The costs of winter road maintenance have been exceptionally high this year. The budget of SEK 24 million is based on a normal year's consumption. This year's costs amounted to SEK 58 million.

School transport costs increased considerably over 2009. No further funding has been allocated to the school transport budget for 2010 and the deficit for the year amounts to SEK 13 million, of which SEK 10 million is reported in the Compulsory School Committee budget. The increased costs mainly relate to so-called special school transport, that is to say transport to special schools and for handicapped children, as well as transport to home language and preparation classes.

Low investment level

The year's investments excluding purchase of property and development operations amounts to SEK 233 million. This is a low level of investment compared with both the investment ceiling (SEK 332 million) and the level of previous years.

Several major investment projects have been postponed. Also the available construction period has been unusually short, due to the winter weather extending late into spring and then arriving early in autumn 2010. Some projects have also been delayed due to appeals.

Net financial income

Financial income and costs have both reduced in 2010 compared to 2009. Net financial income for the year amounted to SEK 84 million (SEK 118 million). Budgeted net financial income for 2010 was SEK 73 million.

Financial income has reduced by SEK 68 million, partly because of SEK 31 million less interest income, compared with 2009. Dividends from city owned companies reduced by SEK 15 million, mainly because of the non-recurring dividend and profit from the sale of Vägab in the 2009 accounts. Financial costs reduced by SEK 34 million, mainly because interest costs were SEK 24 million lower than in 2009. Financial costs for pension provisions reduced by SEK 7 million, because of lower interest rates and also because pension contributions for 1998–99 have been paid during the year.

Pension costs

Pension costs (payments and changed pension liabilities) amounted to SEK 293.3 million in 2010 (SEK 286.5 million). These costs are SEK 3.6 million higher than budget. The city's pension costs are based on the forecast which is submitted annually by SPP.

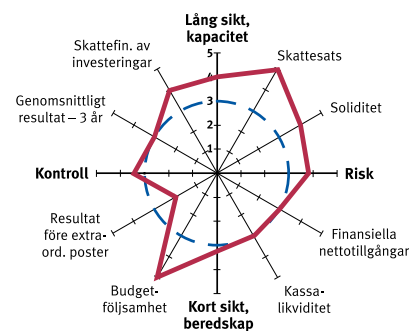
Financial profile of the City of Västerås

The financial profile is an economic analysis based on four financial perspectives. It focuses on analysing the financial position of a municipality and how the development takes shape in relation to a number of municipalities of the same size. The municipalities that are included in the comparison are Västerås, Eskilstuna, Gävle, Jönköping, Linköping, Norrköping and Örebro. The municipalities in the comparison group generally have a good economy, considerably better than the national average.

The financial profile of Västerås is good. For seven of the eight key figures in the profile the city has an average score or higher. It is only for the measurement net result that that the average for the comparison group is not attained. Generally speaking the municipal sector has had good results in 2010 because of the exceptional grants from central government and better tax revenues than forecast. For Västerås however developments have not quite kept pace since the 2010 result is lower than previous years' surplus.

The financial profile shows among other things that the city has low municipality tax, stable financial net assets and good liquidity. The city has financed investments with its own tax revenues and thereby avoids having to borrow for investments. Västerås' solvency is better than average and shows that that a large part of the city's assets are financed with their own operating income. This year's comparisons have been modernised so that the municipalities that have internal banks for lending and borrowing for the group's own companies have excluded these liabilities and receivables from the balance sheet. This gives a fairer comparison between municipalities.

FINANCIAL PROFILE, CITY OF VÄSTERÅS 2010



LOOKING FORWARD – Good economic conditions into 2011

Sweden's economy has developed strongly during 2010 after the major setback of 2008–2009. Government stimulation combined with increased tax revenues meant that municipalities had better conditions in 2010 than had been expected.

The city's economic prospects for 2011 are good. Tax revenues and government grants are expected to increase by 3.5 per cent compared with the previous year's budget.

There will be less room for manoeuvre in 2012, since tax revenues are not expected to increase by as much. At the same time, growth in the social economy and cost developments in wages and prices are expected

to further limit the economic room for manoeuvre. The city has a strong balance sheet, which has been consciously built up over a long period of sustainable policy. In recent years, the city's costs have been increasing more than tax revenues and government grants.

The extra, non-recurring grants from the government have been used for one-off maintenance improvements. In this way the city was also able to contribute to job creating measures. For the coming years however the city must adapt cost development to the financial targets.

There is a need for investments that create growth and other urgent initiatives, such as extending public transport. For this to be possible, the city must manage to finance existing

operations within the allocated financial ceilings.

The city's economic conditions for the coming years are judged to be relatively good. There is a growth in the social economy, while demographic requirements for construction are limited.

The city's short-term challenges concern adaptation and adjustment in schools caused by changing pupil volumes and increased competition, as well as being able to limit cost developments in health and social care. The real challenge for the city, and for Sweden's municipalities generally, will come after 2015 when demographic changes will come to make a much more significant claim.

THE CULTURE FUND

The Culture Fund was established in 1944. The capital assigned to the fund was SEK 7.6 million.

According to the fund rules, the returns, after 25 per cent is added to capital, may be used for beautifying the city, support for cultural activities and sporting and other associations' activities. The returns shall not be used for purposes that are normally funded by tax revenues. This year's returns amounted to SEK 1.9 million. During the year the fund provided SEK 2 million for various cultural purposes.

	SEK million	
	2010	2009
ASSETS		
Market value		
Interest bearing assets	53.3	57.0
Swedish stocks	60.0	46.3
Global stocks	3.9	4.6
Total market value	117.2	107.9
Total book value	83.5	83.6
RESULTS		
Income		
Interest and share dividend	1.8	1.8
Capital gains	0.5	0.1
	2.3	1.9
Expenses		
Capital losses	-0.3	-0.1
Administration costs	-0.1	-0.2
	-0.4	-0.3
Returns for the year	1.9	1.6
UNAPPROPRIATED CAPITAL		
Opening unappropriated capital	14.6	17.6
Contributions from the fund	-2.0	-4.2
Provision to unappropriated capital	1.4	1.2
Closing unappropriated capital	14.0	14.6

GOOD ECONOMIC ADMINISTRATION

An overall objective for the city's operations is that available resources are used in such a way as to achieve good administration from both a financial and an operations perspective.

Good administration is achieved by running the city's operations in an appropriate and cost effective manner. The objective should be achieved with the lowest possible use of resources. The guiding principle should be the long term and sustainable use of resources. Ensuring that objectives are fulfilled and the application of resources is good requires well thought out processes and a control system that holds the pieces together as a whole.

Operations objectives

The politically prioritised objectives for the period 2008-2011 are stated in the strategic plan. The strategic plan forms the basis for the way in which the City Council follows up on operations and for ensuring that good economic administration is achieved from an operations perspective. The strategic plan is followed up on pages 9 to 17 of the annual report.

Financial perspective

The City of Västerås has a tradition of taking care of its economy and not passing on a burden of debt to coming generations. The financial objectives are long term and are intended to safeguard the continuation of a good economy.

The stable economic base that has been built up and that means, among other things, that the city has no net loan obligations, offers the opportunity to lower the city's results targets in the short term.

Financial objectives

- The city's overall financial objective is that the net cost of opera-

tions, excluding capital gains, should not increase faster than the income from tax revenues, general government grants and equalisation.

- Over the course of time the city's results target, excluding capital gains, should amount to 2 per cent of tax revenues, general government grants and equalisation.
- Because of the financial unrest and economic downturn that was prevailing when the budget for 2010 was being prepared, the results target was temporarily reduced. For the single operational year 2010, the results target was to achieve at least a zero result. For the 2011 budget, the results target has been set at 1.5 per cent of tax revenues etc.
- The city's investments are financed by depreciation, sales and the year's result. The city's target is that net investment should be 100 per cent self-financing.

Reconciling financial objectives

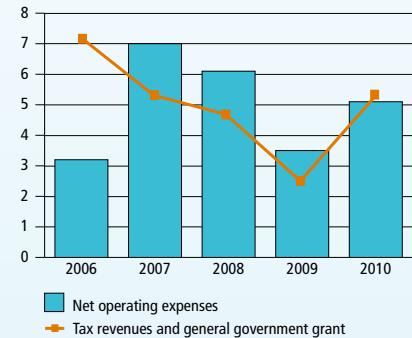
The City of Västerås result excluding capital gains is SEK 34 million, which corresponds to 0.6 per cent of tax revenues, general government grants and equalisation. The city has therefore achieved the financial target for 2010 but the result does not reach the long term level required.

Operations costs in 2010 increased at about the same rate as tax revenues and general government grants. Operations costs increased by 5.2 per cent.

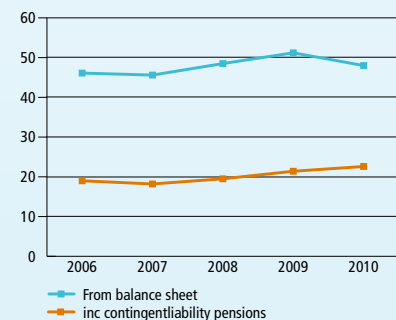
Net investments for the year amounted to SEK 164 million. Result in accordance with the balance requirement, depreciation and sales amount altogether to SEK 360 million. Investment in 2010 has been self-financing, in line with the financial investment objective.

Self-financing of investments has been achieved every year since 2004.

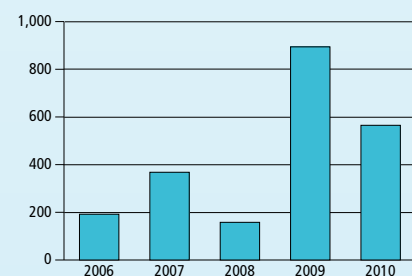
NET COSTS AND TAX REVENUES, CHANGE IN PER CENT



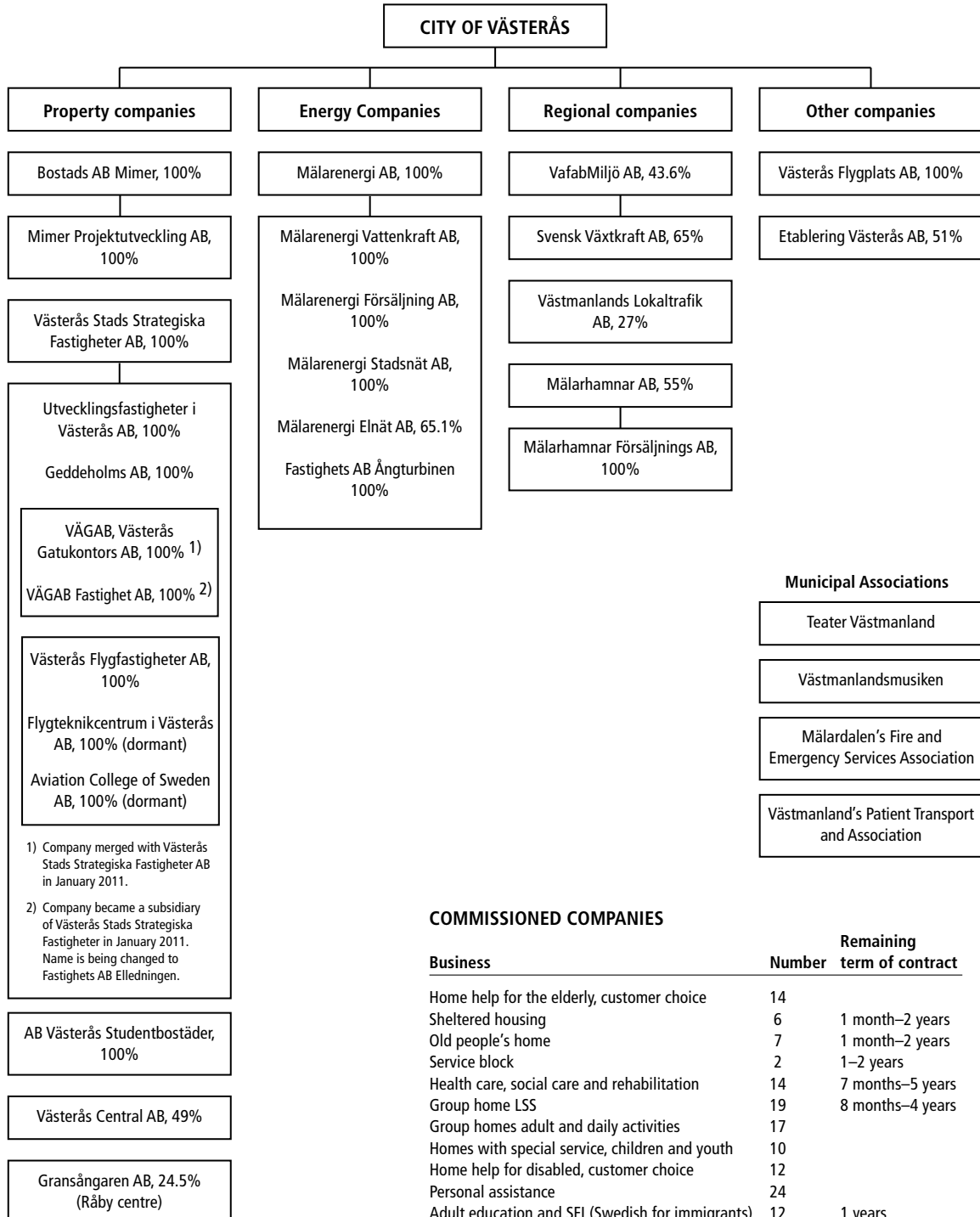
SOLVENCY IN PER CENT



THE CITY'S NET LIQUID ASSETS, SEK million



GROUP STRUCTURE



Plus 17 upper secondary and 15 compulsory schools including preschool class.
Private schools are not defined as commissioned companies.

SUMMARY OF ACCOUNTS

CONSOLIDATED ACCOUNTS

- The results before extraordinary items are positive, SEK 255 million
- Mälarenergi AB and Bostads AB Mimer have positive results
- The Group's investments amount to SEK 1,115 million

The extent of the consolidated accounts

The purpose of this summary of accounts is to provide an overall picture of the City's financial position. In addition to the City's own activities, it includes the operations carried out in corporate form, in which the City holds votes in excess of 30%, directly or indirectly. The largest companies are Mälarenergi AB and Byggnads AB Mimer. The municipal associations, Teater Västmanland, Västmanlandsmusiken and Mälardalen Fire and Emergency Services Association are also included in the accounts.

Economic analysis

Positive result

The result before extraordinary items is still positive and amounts to SEK 255 million, compared to SEK 446 million for 2009. The return on total capital has decreased to 2.7 per cent (4.3 per cent). Bostads AB Mimer including subsidiaries reported a result of SEK 58 million (251) after financial items. The result includes capital gains from property sales of SEK 25 million (228). For Mälarenergi the result after financial items was SEK 95 million (44). The profitability problem at Västerås Flygplats (Västerås Airport) remains. The company's loss is similar to previous years at SEK 22.9 million (24.2) after financial items. Mälärhamnar AB has increased volumes during the year and reports a result of SEK 6 million (-9) after financial items. The Group as a whole had a turnover of SEK 11,131 million during the year,

which is a reduction of SEK 43 million from the previous year.

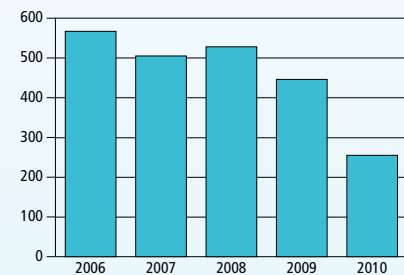
Financial position

The Group's solvency was 44 per cent (44). The balance sheet total has increased since the previous year by SEK 543 million to SEK 15,560 million. City of Västerås, Mälarenergi, Bostads AB Mimer and Västerås Stads Strategiska Fastigheter are responsible for the majority of the balance sheet total.

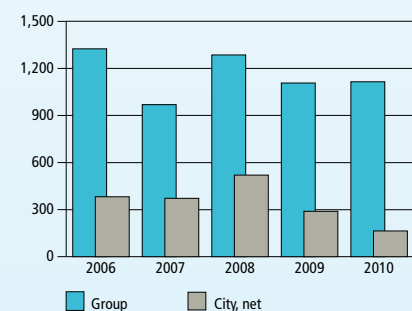
Investments

Total investment volume amounted to SEK 1,115 million (SEK 1,107 million). During the year the City of Västerås invested in schools, preschools, swimming and sports facilities and cultural purposes to a value of SEK 164 million. Mälarenergi AB invested a total of SEK 467 million during the year. The company's investments in thermal operations amounted to SEK 218 million (SEK 185 million), which includes the acquisition of the company Fastighets AB Ångturbinen. During the year, Bostads AB Mimer sold property to a value of SEK 106 million and had acquisitions totalling SEK 11 million. Bostads AB Mimer's investments of SEK 392 million are made up of SEK 185 million new production, SEK 205 million reconstruction and SEK 2 million other.

RESULT BEFORE EXTRAORDINARY ITEMS, SEK million



INVESTMENTS SEK million



During 2010 investments amounted to SEK 1,115 million.

OWNER DIRECTIVES

According to the governance model of the City of Västerås, the owner directives for the city's companies is to be reviewed at the beginning of each new mandate period. The City Council will decide on revised owner directives in June 2011.

The directives will state what the task of the companies from the perspective of the owner in terms of the purpose and operational objectives shall comprise.

INTERNAL BANK

The purpose of the internal bank is primarily to supply the city and its companies with financing of the lowest possible interest charge for the Group. Through coordination of the loan requirements economies of scale are achieved which facilitate borrowing on both the Swedish and international money and capital markets. Capital management and coordination of the Group's liquid assets and investments is also a part of the commission of the internal bank.

Operations are managed based on a governing document established by the City Council and City Executive Committee, and are determined by a low level of risk. In December 2010, a new financial policy and financial guidelines were adopted, for the purpose of further strengthening financial coordination within the Group. These governing documents will be implemented at the beginning of 2011.

Borrowing

Through the city's good financial position and its high rating the city's Swedish and European certificate programmes are usually used during borrowing. By using the interest and currency derivative and agreed

credit agreements from banks appropriate and favourable terms and conditions can be offered to the city's companies.

Lending

The city's lending portfolio amounted to SEK 3,245 million (SEK 2,462 million) at year end and lending to city companies amounted to SEK 3,201 million (SEK 2,873 million).

In addition to the lending to the companies, there are additional claims in the form of subordinated loans to the companies of SEK 777 million in total.

Investments of SEK 675 million are designated for loans in the next few years.

Currency risk

Borrowing takes place in foreign currencies when this is more favourable than loans in Swedish crowns. At the turn of the year borrowing amounted to USD 30 million, the equivalent of SEK 205 million. Currency risks for interest payments and repayments of loan in foreign currencies are completely eliminated by forward currency and currency swaps.

Interest risk

Interest risk is measured in the form of average remaining fixed interest duration. A longer fixed interest duration reduces the negative effect of results when interest rates rise. The fixed interest duration can be altered by interest rate swaps and interest rate ceilings. In order to attain the fixed rate that is required within the Group, the internal bank has entered an interest rate swap agreement corresponding to SEK 2,058 million (SEK 2,268 million). At the end of the year the fixed interest duration for the Group was 1.9 years (2.0 years), which is in line with the respective companies' finance policy.

Credit risks

Credit risks arise during investments and derivatives trade (counterparty risk). These risks are regulated via the finance policy and guidelines. In order to minimise the risks, trade may only take place with approved counterparties up to an established limit.

Loan liability

The total loan liability, excluding subordinated loans from the city,

THE CLAIMS AND LIABILITIES OF THE INTERNAL BANK 31-12-2010 (SEK million)

Claims (excluding subordinated loan)		Liabilities	
Bostads AB Mimer	1,928	Swedish certificate programme:	2,988
Mälarenergi AB	785	European certificate programme	205
Västerås Stads Strategiska Fastigheter AB	265	Swedish banks and institutes	2
Other companies and municipal associations	223	International banks and institutes	50
Investments	675	Group account, debt to companies	256
Group account, claim at the bank	9		
Group account, claim at the company	50		
Other bank accounts and tax account	5		
The Swedish Transport Administration	126		
Total	4,066	Total	3,501
		The city's interest-bearing net assets	565
		Total	4,066

amounted to SEK 5,040 million (SEK 4,867 million) in the annual accounts. Loan liability (including utilised overdraft facilities) was distributed as follows:

Bostads AB Mimer	SEK 3,398 M
Mälarenergi AB	SEK 1,177 M
Västerås stads Strategiska	
Fastigheter AB	SEK 265 M
Other companies and municipal associations	SEK 201 M

At the turn of the year the city had interest-bearing net assets of SEK 565 million (SEK 894 million).

The reduction is largely due to lower sales of leasehold land compared with the previous year.

High credit rating

In March 2010 the credit rating institute Standard & Poor's confirmed the city's high credit rating. The high credit rating is based on the City's dynamic and growing local economy, as well as the modest

level of debt and strong liquidity position. Prospects are considered to be stable.

- **Swedish certificate programme:** K1 "Very good repayment ability", highest credit rating.
- **International certificate programme:** A-1+ "Very good repayment ability", highest credit rating.
- **Long-term rating: AA+** "Very good repayment ability", second highest credit rating.

Guarantees and pledges

The City of Västerås overall guarantee liability amounted to SEK 291 million on 31 December 2010, a decrease of SEK 3 million in total compared to the previous year.

During the year the City reduced its guarantee undertaking with the Aroseken housing foundation by SEK 2.1 million and its loss liability towards the state by SEK 1 million.

WORD FOR WORD. WHAT SOME WORDS AND TERMS MEAN.

Depreciation

Depreciation is the cost of the loss of value of an investment. An asset has a certain useful life, three years for example. This means that the value of the asset is divided into three and one third is entered as a cost each year: depreciation.

Guarantee – guarantee undertaking

A guarantee means security. Giving a guarantee for someone means taking on liability for their debts.

Gross

Income reported before deduction of costs.

Auditor's report

When the city's auditors have completed their audit of the accounts they write an auditor's report. The auditors assess whether the municipality has managed its finances and operations in a satisfactory way.

Balance

The difference between debit and credit in an account. Can also be the difference between costs and income.



INCOME STATEMENT, CASH FLOW STATEMENT

INCOME STATEMENT, SEK M	Note	The City		The Group	
		2010	2009	2010	2009
Income	1	1,423	1,631	5,265	5,598
Expenses,	2	-6,991	-6,836	-10,070	-9,848
Depreciations	3	-203	-285	-677	-740
Net operating expenses		-5,771	-5,490	-5,482	-4,990
Tax revenue	4	4,959	4,885	4,959	4,885
Central government grant and equalisation	5	907	691	907	691
Financial income	6	171	239	34	62
Financial expenses	7	-87	-121	-163	-202
Net operating expenses		179	204	255	446
Extraordinary income					
Extraordinary expenses	8	-35			
Corporate tax and deferred tax	9			-52	-132
Minority share of result for the year				-5	-2
THE YEAR'S RESULT	10	144	204	198	312

CASH FLOW STATEMENT, SEK M	Note	The City		The Group	
		2010	2009	2010	2009
Current operations					
Operating income		1,423	1,631	5,265	5,598
Operating expenses, including the changed allocations		-7,135	-6,854	-10,288	-9,820
Net operating payments		-5,712	-5,223	-5,023	-4,222
Tax revenue and general grants		5,866	5,576	5,866	5,576
Financial income		171	239	34	62
Financial expenses		-87	-121	-163	-202
Extraordinary expenses		-35			
Current tax and deferred tax				-60	-50
Changes in working capital and items not affecting liquidity	11	363	-147	1,415	-459
Total operating income		566	324	2,069	705
Investments					
Purchase of intangible assets		-3	-2	-5	-2
Purchase of tangible assets		-161	-312	-1,251	-1,547
Sale of tangible assets		127	431	278	584
Purchase of financial assets		-5	-11	-17	-2
Sale of financial assets		3	21	1	0
Change in net investments		-39	127	-994	-967
Financing					
Lending		-428	-522	-2,048	-179
Repayment on loans		586	150	1,526	0
Borrowing		486	1,006	572	351
Amortisation borrowing		-706	-739	-706	-265
Total net financial items		-62	-105	-656	-93
CHANGE IN LIQUID ASSETS AND SHORT-TERM INVESTMENTS		465	346	419	-355

BALANCE SHEET

BALANCE SHEET, SEK M	Note	The City		The Group	
		2010	2009	2010	2009
ASSETS					
Fixed assets					
Intangible assets	12	11	15	31	35
Land, building and plant	13	2,697	2,699	7,950	7,832
Machinery and equipment	14	115	117	3,333	3,396
Other tangible fixed assets	15	95	193	948	854
Financial fixed assets	16	4,699	4,854	1,081	540
Total fixed assets		7,617	7,878	13,343	12,657
Current assets					
Stocks and inventories		72	1	477	535
Short-term receivables	17	1,115	476	532	1,036
Short-term investments	18	456	662	458	665
Cash and bank	19	675	4	750	124
Total current assets		2,318	1,143	2,217	2,360
TOTAL ASSETS		9,935	9,021	15,560	15,017
EQUITY, ALLOCATIONS AND LIABILITIES					
Equity					
Equity		4,620	4,415	6,648	6,334
The year's result		144	204	198	312
Total equity	20	4,764	4,619	6,846	6,646
Minority interests				191	184
Allocations					
Allocations to pensions	21	220	399	259	430
Allocation to taxes	22			720	709
Other allocations	23		18	34	78
Total allocations		220	417	1,013	1,217
Liabilities					
Long-term liabilities	24	2,614	2,834	4,861	4,996
Short-term liabilities	25	2,337	1,151	2,649	1,974
Total liabilities		4,951	3,985	7,510	6,970
TOTAL EQUITY, ALLOCATIONS AND LIABILITIES		9,935	9,021	15,560	15,017
Pledged assets and current liabilities	26				

NOTES AND COMMENTS

ALL AMOUNTS IN SEK MILLION UNLESS OTHERWISE STATED

NOTE 1

Operating income, City	2010	2009
Taxes and fees	335.8	338.1
Rent and leasehold	285.8	279.0
Grants and compensation	408.0	368.4
Contracts, sales of operations etc.	281.1	286.2
Items affecting comparability:		
Sale of tangible assets, capital gains	112.6	359.6
Total operating income	1,423.3	1,631.3

Operating income, Group	2010	2009
Taxes and fees	3,164.9	3,191.3
Rent and leasehold	1,030.3	918.6
Grants and compensation	522.0	483.0
Contracts, sales of operations etc.	315.0	329.2
Other operating incomes	95.4	88.0
Items affecting comparability: capital gains	137.5	587.6
Total operating income	5,265.1	5,597.7

NOTE 2

Operating expenses, City	2010	2009
Grants and transfer payments	485.5	473.5
Contracts and purchasing of businesses	2,106.0	1,784.9
Salaries and social contributions	3,461.3	3,478.4
Rent, leasehold	430.2	408.2
Material, fees, services etc.	525.5	558.5
Co-financing of City Line		195.2
Items affecting comparability:		
resolution of provision for allocation of result	-17.6	-17.4
Lower fees for contractual insurance		-45.0
Total operating expenses	6,990.9	6,836.3

Operating expenses, Group	2010	2009
Grants and transfer payments	485.5	473.5
Contracts and purchasing of businesses	2,106.0	1,785.0
Salaries and social contributions	4,002.4	4,044.1
Rent, leases	447.0	424.0
Materials, operations, products and services etc.	3,046.7	2,988.1
Co-financing of City Line		195.2
Items affecting comparability:		
Provision for allocation of result	-17.6	-17.4
Lower fees for contractual insurance		-45.0
Total operating expenses	10,070.0	9,847.5

NOTE 3

Depreciation, City	2010	2009
Depreciations according to plan	178.9	175.6
Items affecting comparability:		
Depreciation of fixed assets	24.3	109.4
Total depreciation	203.2	285.0

Depreciation, Group	2010	2009
Depreciations according to plan	652.4	631.0
Items affecting comparability:		
Depreciation of fixed assets	24.7	109.4
Total depreciation	677.1	740.4

NOTE 4

Tax revenue	2010	2009
Council tax and income tax	4,893.5	5,029.9
Forecast final statement 2010 ¹⁾	61.9	-163.1
Final statement 2009 ²⁾	3.5	18.7
Total tax revenue	4,958.9	4,885.5

1) 456 SEK/resident

2) Difference between forecast -1,212 SEK/resident and final accounted -1,186 SEK/resident.

NOTE 5

Central government grant and equalisation	2010	2009
Income equalisation grant	617.3	634.4
Adjustment	34.8	-65.9
Municipal property tax	193.3	193.1
Cost equalisation	1.4	-3.2
Equalisation fee LSS	-72.3	-67.4
Non-recurring government support	132.4	0.0
Central government grant and equalisation	906.9	691.0

NOTE 6

Financial income, City	2010	2009
Dividends municipal owned companies	13.7	28.9
Other dividend stocks and shares	20.5	14.1
Interest income	136.5	172.6
Interest income on accounts receivable	-0.4	1.0
Interest contribution	0.1	0.2
Guarantee fee	0.1	0.1
Profit on disposal of shares, bonds, etc.	0.5	6.4
Reversal of depreciation	0.0	8.1
Other financial income	0.0	7.5
Total financial income	171.0	238.9

Financial income, Group	2010	2009
Dividend stocks and shares	20.5	14.1
Interest income	10.7	27.4
Interest income on accounts receivable	-0.4	1.0
Interest contribution	2.6	2.6
Guarantee fee	0.1	0.1
Loss on disposal of shares, bonds, etc.	0.5	0.2
Other financial income	0.5	17.0
Total financial income	34.5	62.4

NOTE 7

Financial expenses, City	2010	2009
Interest expenses	75.3	100.8
Interest on pension liability	6.8	14.2
Interest expense on payables	0.1	0.2
Bank charges	1.3	1.2
Loss on disposal of shares, bonds, etc.	0.3	0.1
Write-down of shares / pension administration	0.1	1.0
Other financial expenses	3.5	3.9
Total financial expenses	87.4	121.4

Financial expenses, Group	2010	2009
Interest expenses	148.8	171.0
Interest on pension liability	7.6	14.2
Interest expense on payables	0.2	0.2
Bank charges	1.3	1.2
Loss on disposal of shares, bonds, etc.	0.3	0.1
Other financial expenses	4.9	15.6
Total financial expenses	163.1	202.3

NOTE 8

Extraordinary expenses, City	2010	2009
Capital infusion Västerås Flygplats AB	35.0	0.0
Total extraordinary expenses	35.0	0.0

NOTE 9

Corporate tax and deferred tax, Group	2010	2009
Bostads AB Mimer	15.6	70.1
Mälarenergi AB	37.0	72.1
VafabMiljö AB (43.6%)	-0.3	0.4
Mälärhamnar AB (55%)	1.7	-1.4
Västerås Central AB (49%)	0.1	-0.6
Västerås Stads Strategiska Fastigheter AB	-2.9	-7.8
Gransångaren AB (49%)	0.1	0.3
AB Västerås Studentbostäder	0.2	-1.2
Total corporate tax and deferred tax	51.5	131.9

NOTE 10

The year's result, City	2010	2009
The year's result from income statement	143.5	204.0
Less capital gains	-109.9	-370.3
Total result before reconciliation with balance requirement	33.6	-166.3

NOTE 11

Changes in working capital and items not affecting liquidity, City	2010	2009
<i>Changes in working capital</i>		
Changes in stocks and inventories	-71.1	
Changes in short term receivables	-639.7	789.4
Changes in short term liabilities	1,185.1	-564.9
<i>Items not affecting liquidity</i>		
Capital gains/losses tangible fixed assets	-110.5	-365.0
Capital gains/losses financial fixed assets	-0.6	-6.6
Total	363.2	-147.1

Changes in working capital and items not affecting liquidity, Group	2010	2009
<i>Changes in working capital</i>		
Changes in stocks and inventories	58.2	-32.6
Changes in short term receivables	503.4	273.1
Changes in short term liabilities	674.2	-640.5
<i>Items not affecting liquidity</i>		
Capital gains/losses tangible fixed assets	179.9	-59.2
Capital gains/losses financial fixed assets	-0.6	0.0
Total	1,415.1	-459.2

NOTE 12

Intangible assets, City	2010	2009
Opening acquisition value	34.0	41.7
Purchase	2.7	2.3
Reclassifications	3.6	-10.0
Total closing accum. acquisition value	40.3	34.0
Opening depreciations	17.2	12.9
The year's depreciations	6.1	4.3
Total closing accum. depreciations	23.3	17.2
Opening write down	1.8	1.8
The year's write downs	3.8	0.0
Total closing accum. write downs	5.6	1.8
Total closing residual value	11.4	15.0

Intangible assets, Group	2010	2009
Opening acquisition value	148.7	156.3
Purchase	5.3	2.3
Reclassifications	3.6	-9.9
Total closing accum. acquisition value	157.6	148.7
Opening depreciations	111.7	104.3
The year's depreciations	13.5	7.4
Total closing accum. depreciations	125.2	111.7
Opening write down	1.8	1.8
The year's write downs	0.0	0.0
Total closing accum. write downs	1.8	1.8
Total closing residual value	30.6	35.2

NOTE 13

Land, building and plant, City	2010	2009
Opening acquisition value	3,968.2	3,621.7
Purchase	122.8	175.4
Sales	-12.8	-58.2
Scrapped	0.0	-5.1
Reclassifications	30.1	234.4
Total closing accum. acquisition value	4,108.3	3,968.2
Opening depreciations	1,149.0	1,011.8
Sales	-0.1	-1.3
Scrapped	-0.7	-0.5
The year's depreciations	144.7	139.0
Total closing accum. depreciations	1,292.9	1,149.0
Opening write down	120.3	50.9
Sales	-2.8	-9.1
The year's write downs	1.1	78.5
Total closing accum. write downs	118.6	120.3
Total closing residual value	2,696.8	2,698.9
<i>Rateable value</i>		
Land and building	515.5	555.3
Closing residual value includes		
Land provision	87.4	79.7
Site leasehold land	285.0	257.7

Land, building and plant, Group	2010	2009
Opening acquisition value	11,349.9	10,929.7
Purchase	538.2	430.9
Sales, scrapped	-150.2	-231.8
Reclassifications	22.3	221.1
Total closing accum. acquisition value	11,760.2	11,349.9
Opening depreciations	3,282.1	3,039.5
Sales, scrapped	-18.8	-49.9
The year's depreciations	313.0	292.5
Total closing accum. depreciations	3,576.3	3,282.1
Opening write down	235.5	163.1
Sales, scrapped	-2.8	-4.7
The year's write downs	1.5	77.1
Total closing accum. write downs	234.2	235.5
Total closing residual value	7,949.7	7,832.3

NOTE 14

Machinery and equipment, City	2010	2009
Opening acquisition value	418.0	399.5
Purchase	32.6	31.7
Sales	-6.4	-15.8
Scrapped	-2.8	-0.1
Reclassifications	0.2	2.7
Total closing accum. acquisition value	441.6	418.0
Opening depreciations	296.4	271.0
Sales	-5.3	-6.8
Scrapped	0.0	0.0
The year's depreciations	30.5	32.2
Total closing accum. depreciations	321.6	296.4
Opening write down	4.6	1.7
Sales	0.0	0.0
Scrapped	0.0	0.0
The year's write downs	0.9	2.9
Total closing accum. write downs	5.5	4.6
Total closing residual value	114.5	117.0

Machinery and equipment, Group	2010	2009
Opening acquisition value	7,962.8	7,272.8
Purchase	294.0	723.5
Sales, scrapped	-68.0	-36.1
Reclassifications	7.9	2.6
Total closing accum. acquisition value	8,196.7	7,962.8
Opening depreciations	4,529.9	4,221.7
Sales and scrapped	-54.4	-25.4
The year's depreciations	351.6	333.6
Total closing accum. depreciations	4,827.1	4,529.9
Opening write down	36.8	33.9
Sales, scrapped		
The year's write downs	0.0	2.9
Total closing accum. write downs	36.8	36.8
Total closing residual value	3,332.8	3,396.1

NOTE 15

Other tangible fixed assets, current investments/developments, City	2010	2009
Opening acquisition value	193.4	312.5
Purchase	5.3	70.3
Sales	0.0	0.0
Reclassifications	-103.9	-189.4
Total closing accum. acquisition value	94.8	193.4
Total closing residual value	94.8	193.4

Other tangible fixed assets, current investments/developments, Group	2010	2009
Opening acquisition value	853.9	1,113.5
Purchase	419.0	398.3
Sales, scrapped	0.0	-1.1
Reclassifications	-324.7	-656.8
Total closing accum. acquisition value	948.2	853.9
Total closing residual value	948.2	853.9

NOTE 16

Financial fixed assets, City	Owned share	2010	2009
<i>Stocks and shares, SEK thousand</i>			
Bostads AB Mimer	100%	90,500	90,500
Mälarenergi AB	100%	854,100	854,100
Västerås Stads Strategiska Fastigheter AB			
	100%	100,000	100,000
Mälärhamnar AB	55%	16,500	16,500
Etablering Västerås AB	51%	51	51
Västerås Central AB	49%	6,435	6,435
VafabMiljö AB	43,6%	558	558
Gransångaren AB	24,5%	1,225	1,225
Västmanlands Lokaltrafik AB	27%	6,110	6,110
Mälärbanans Intressenter AB	17%	0	125
Västerås Science Park AB	12%	100	100
Mälärstrandens Utvecklings AB	12%	600	600
Culture fund, shares		27,645	23,743
Total stocks and shares, SEK thousand		1,103,824	1,100,047

Bonds and other securities, SEK M

Culture funds, bonds	5.2	6.6
Mälarskog. contributed capital	0.1	0.1
Total bonds and other securities	5.3	6.7

Long-term receivables

VafabMiljö AB	98.0	118.0
Gransångaren AB	0.0	28.0
Mälarenergi AB	989.7	1,389.7
Bostads AB Mimer	1,678.0	1,438.0
Västerås Central AB	18.0	23.0
Mälardalen's Fire and Emergency Services Association	6.7	8.4
Mälärhamnar AB	12.0	27.0
Västerås Stads Strategiska Fastigheter AB	228.0	344.5
Vägverket E18 Västjädra	125.9	125.8
AB Västerås Studentbostäder	35.7	35.7
Group account. loans to municipal companies	344.6	156.2
Other receivables	0.5	0.6
Total long-term receivables	3,537.1	3,694.9

Tenant owner apartments and share capital

Tenant owner apartments	52.7	52.2
Stiftelsen Tillberga Hyresbostäder	0.2	0.2
Västmanlands Tolkservice	0.2	0.2
Total tenant owner apartments and share capital	53.1	52.6
Total financial assets	4,699.3	4,854.2

NOTE 17

Short-term receivables, City	2010	2009
Accounts receivable	99.5	109.6
Receivables, state	5.2	2.7
Loans to municipal companies	626.1	87.3
VAT recoverable	64.4	53.4
Accrued interest income	42.0	38.5
Accrued tax income	61.9	18.7
Other short-term receivables	216.4	165.7
Total short-term receivables	1,115.5	475.9

Short-term receivables, Group	2010	2009
Accounts receivable	180.5	452.2
Receivables, state	5.2	2.7
VAT recoverable	65.1	54.0
Accrued interest income	42.0	38.5
Accrued tax income	133.1	19.5
Other short-term receivables	106.0	468.9
Total short-term receivables	531.9	1 035.8

NOTE 18

Short-term investments, City	2010	2009
Commercial paper	0.0	150.0
Municipal paper	0.0	49.5
Bank paper	0.0	99.5
<i>Pension Management:</i>		
Folksam Obligationsfond	77.6	53.4
Länsförsäkringar Mega Obligation	66.2	63.0
AMF Pension Aktiefond Sverige	88.4	60.1
Carnegie Worldwide Aktiefond	26.0	11.0
Robur Sverigefond MEGA	75.6	73.8
Bankinv Global Eq Sicav	18.7	18.7
Enter Trend räntefond	92.6	71.3
Världskorgsobl Barclays Cap	6.0	6.0
Global Infrastruktur Strategiobl 1	3.0	3.0
Global Infrastruktur Strategiobl 2	2.2	2.2
Total short-term investments	456,3	661,5

Short-term investments, Group	2010	2009
Commercial paper	0.0	150.0
Municipal paper	0.0	49.5
Bank paper	0.0	99.5
<i>Pension Management:</i>		
Folksam Obligationsfond	77.6	53.4
Länsförsäkringar Mega Obligation	66.2	63.0
AMF Pension Aktiefond Sverige	88.4	60.1
Carnegie Worldwide Aktiefond Sverige	26.0	11.0
Robur Sverigefond MEGA	75.6	73.8
Bankinv Global Eq Sicav	18.7	18.7
Enter Trend räntefond	92.6	71.3
Världskorgsobligation Barclays Cap	6.0	6.0
Global infrastruktur Strategiobl. 1	3.0	3.0
Global infrastruktur Strategiobl. 2	2.2	2.2
Riksbyggen, liq. investment	1.2	3.5
Total short-term investments	457.5	665.0

NOTE 19

Cash and bank, City	2010	2009
Bank deposits	674.7	4.4
Total cash and bank	674.7	4.4

Cash and bank, Group	2010	2009
Bank deposits	750.3	124.0
Other cash and cash equivalents	0.1	0.1
Total cash and bank	750.4	124.1

NOTE 20

Equity, City	2010	2009
Equity brought forward	4,618.5	4,414.5
Askövik fund	1.9	
The year's result	143.5	204.0
Total equity	4,763.9	4,618.5

of which

Balance fund	252.0	218.0
Pension fund	456.4	362.0
Culture Fund	83.6	86.1
Askövik fund	1.9	0.0
Insurance fund	37.6	37.4
Waste management and recycling, accumulated result	12.9	8.5

Equity, Group	2010	2009
Equity brought forward	6,645.7	6,334.5
Askövik fund	1.9	
Change in untaxed reserves due to tax change		-0.9
Effect of changed group structure		-0.1
The year's result	198.5	312.2
Total equity	6,846.1	6,645.7

NOTE 21

Allocations to pensions, City	2010	2009
Opening allocations	399.4	363.5
Pension payments	-19.5	-11.8
Newly earned pension	9.7	15.5
Interest and basic amount calc.	5.5	14.2
Payroll tax	-34.9	7.0
Others	-139.8	11.0
Total allocations to pensions	220.4	399.4

Updating	92.9%	93.2%
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Specification - Allocated to pensions, City	2010	2009
Special retirement pensions and fixed time pensions	7.6	6.0
Defined benefit/supplementary retirement pensions	50.5	84.6
Retirement pension	104.5	99.9
Pension contributions	0.4	118.7
Pension to survivors	14.4	12.2
Total pensions	177.4	321.4
Payroll tax	43.0	78.0
Total allocated to pensions	220.4	399.4

Number of fixed period schemes

Politicians	3	3
Civil servants	2	2

Allocations to pensions, Group	2010	2009
Opening allocations	430.1	393.5
Pension payments	-19.5	-11.8
Newly earned pension	9.7	15.5
Interest and basic amount calc.	5.5	14.2
Year's changes, companies	27.2	11.0
Payroll tax	-34.9	7.7
Other	-159.5	0.0
Total allocations to pensions	258.6	430.1

NOTE 22

Allocations for tax, Group	2010	2009
Allocation untaxed reserves	26.8	23.4
Allocation other taxes	693.1	685.5
Total allocations	719.9	708.9

NOTE 23

Other allocations, City	2010	2009
Allocation for disposal of result according to guidelines for allocation of result	0.0	17.6
Total other allocations	0.0	17.6

Other allocations, Group	2010	2009
Allocation waste storage	0.0	29.3
Allocation for correction of result according to guidelines for allocation of result	0.0	17.6
Other allocations	34.3	30.9
Total other allocations	34.3	77.8

NOTE 24

Long-term liabilities, City	2010	2009
Foreign banks	50.0	50.0
Certificate loan Swedish market	1,986.1	1,519.0
Certificate loan European market	105.1	809.1
Mälardalen's Fire and Emergency Services Association	21.5	17.8
Other long-term liabilities	197.2	197.2
Group account, loans from municipal companies	254.2	240.8
Total long-term liabilities*	2,614.1	2,833.9

*of which for City inc overdraft

*of which borrowings for lending to the City companies

Total long-term liabilities which are due within 5 years

Overdrafts

Swedbank (not utilised)	350.0	350.0
Nordea (utilised 0.5)	50.0	50.0

Credit commitment

Västmanlands Provsbank (not utilised)	500.0	500.0
Nordea (not utilised)	1 000.0	1 000.0
Swedbank (not utilised)	0.0	300.0
SEB (not utilised)	0.0	500.0

Long-term liabilities, Group	2010	2009
Swedish banks and institutes	1,795.1	2,071.4
Foreign banks	50.0	50.0
Certificate loan Swedish market	1,986.1	1,519.0
Certificate loan European market	105.1	809.1
Other long-term liabilities	919.6	536.3
Other part owners	5.4	9.8
Total long-term liabilities	4,861.3	4,995.6

NOTE 25

Short-term liabilities, City	2010	2009
Certificate loan Swedish market	1,001.5	30.2
Certificate loan European market	100.0	51.3
Accounts payable	186.2	218.6
Employee withholding tax, fees, etc.	58.0	42.7
Accrued pension individual portion	107.2	100.6
Accrued payroll taxes	67.2	58.1
Accrued wage tax individual portion	91.1	48.7
Accrued interest expense	40.7	40.3
Holiday pay debt	219.9	221.0
Västerås Flygplats AB	0.0	19.0
Other short term liabilities	464.7	320.9
Total short-term liabilities	2,336.5	1,151.4

Short-term liabilities, Group	2010	2009
Certificate loan Swedish market	1,001.5	30.2
Certificate loan European market	100.0	51.3
Short-term liabilities to credit institutions	6.3	8.9
Accounts payable	467.1	474.6
Employee withholding tax, fees	64.0	56.2
Current tax liabilities	130.5	2.8
Accrued pension, individual portion	107.2	101.9
Accrued payroll taxes	84.0	75.9
Payroll tax individual portion	91.1	48.7
Accrued interest expense	49.3	96.6
Holiday pay debt	239.0	240.7
Other short term liabilities	308.6	786.5
Total short-term liabilities	2,648.6	1,974.3

NOTE 26

Pledged assets and current liabilities, City	2010	2009
Guarantee liability		
<i>Buildings and houses</i>		
Loss liability, State	7	8
<i>Housing loans without mortgage security</i>		
Aroseken Housing Foundation	187	189
Stiftelsen hyresbostäder	8	8
Bostjárnans Förvaltning AB	1	1
Total	196	198

Housing loans retirement homes with mortgage security

Fastighets AB Brage (Flodinsgården)	20	20
Aroseken Housing Foundation	12	12
HSB	21	21
Total	53	53

Loans and overdrafts without mortgage security

Municipal companies	33	33
Sports associations	1	1
Other associations	1	1
Total	35	35

Total guarantee liability **291** **294**

Liabilities for accrued pension benefits

Opening balance	2,689.3	2,644.7
Interest and base amount indexation	25.1	132.6
Disbursement	-86.8	-94.0
Change elderly factors		1.3
Other	-77.1	-4.0
Payroll tax	-33.7	8.7
Total liabilities	2,516.8	2,689.3

Specific pension commitments

Special pensions and similar obligations including payroll tax		
Salaried employees, three persons	2.9	3.5
Elected representatives, 10 persons	23.1	23.4
Total specific pension commitments	26.0	26.9

The City's pension commitments including payroll taxes for salaried employees have been calculated on the assumption that there is no coordinated earned income. The pension commitments for the elected officials relate to the current municipal commissioners.

Environmental Commitments

The City has environmental commitments within the municipal boundary. Costs cannot be calculated in a reliable way.

Boiling point

The City commits to an annual operating grant of SEK 15 million over 25 years.

Pledged assets and current liabilities, Group	2010	2009
Property mortgages		
Mälarenergi AB	0.0	0.0
Bostads AB Mimer	1,836.0	1,836.0
Gransångaren AB	90.0	90.0
Company mortgages		
Mälarenergi AB	2.6	2.6
Other pledges		
Mälarenergi AB	0.0	0.0
Total pledged	1,928.6	1,928.6

Guarantees		
City of Västerås	268.2	271.2
Mälarenergi AB	6.0	6.0
Bostads AB Mimer	0.0	0.1

Other liabilities		
City of Västerås. pensions	2,516.8	2,689.3
Bostads AB Mimer	0.8	0.8
Total liabilities	2,791.8	2,967.4

OTHER ADDITIONAL INFORMATION

Costs for operational leasing	SEK million
<i>Leasing agreements outside group, City</i>	
Due for payment within 1 year	163
Due for payment later than one year but within five years	756
Due for payment later than five years	1,781
<i>Leasing agreements outside group, Group</i>	
Due for payment within 1 year	164
Due for payment later than one year but within five years	757
Due for payment later than five years	1,781

There is no financial leasing in the city.

Information on gender distribution in management of the group's limited companies ref ÅRL chapter 5 section 18b.

	Number of women	Number of men
Board members	15	52
MD and other persons in senior management	9	28

Annual fees to city executives	2010	2009
Chair, City Executive Committee	723,240	715,586
Other municipal and opposition posts depending on scope	257,664-628,900	267,566-609,050
Group leader	78,370	31,206 (4 mth)
Other members of City Executive Committee	19,200	19,200
Annual salary, Chief Executive Officer	1,086,000	1,075,500
Annual fees to city executives excluding payroll tax.		

Auditor's report for 2010

We the chosen auditors of the City of Västerås have audited the operations of the city's boards and committees. In our role as appointed and elected auditors we have also audited the operations of the city's companies.

Auditing of the city has been performed in accordance with municipal law, good auditing practice for the municipal sector and the city's auditing rules. Ernst & Young has assisted us with the audit.

The scope and approach as well as the results of our audit appear in the full auditor's report and accompanying appendices, which we have given to the City Council. The audit, which was performed in accordance with our auditing plan, is intended to assess whether operations have been handled in an appropriate and financially satisfactory manner, whether the accounts give a correct picture and whether internal control within the boards and committees has been appropriate and secure.

Our audit has not given cause for any remarks or reminders.

Specific information about group companies, SEK million

	Dividend	Owner's contribution	Guarantee
	Given	Re-ceived	Re-cipient
City of Västerås		13.7	35.0
Mälarenergi AB	10.0		
Bostads AB Mimer	3.7		
Västerås Flygplats AB			35.0
AB Västerås Studentbostäder			
VafabMiljö AB			22.8

Group contribution of SEK 19.6 million given by Mälarenergi Vattenkraft AB to Mälarenergi Stadsnät AB. Group contribution of SEK 2.3 million given by Utvecklingsfastigheter to parent company Västerås Stads Strategiska Fastigheter AB. Group contribution of SEK 1.8 million given by subsidiary Vägab to Utvecklingsfastigheter. Shareholder's contribution of SEK 5.2 million given by parent company Västerås Stads Strategiska Fastigheter to Utvecklingsfastigheter.

	Sales		Loan	
	Buyer	Seller	Giver	Recipient
City of Västerås	408.0		4,027.9	
Bostads AB Mimer	106.9	58.8		1,928.0
Västerås Stads Strategiska Fastigh AB	9.5	5.2		339.5
Mälarenergi AB	0.0	261.9		1,525.3
Vafab Miljö AB		74.9		118.0
Mälärhamnar AB				27.0
Västerås Central AB				18.0
Västerås Flygplats AB		22.7		
AB Västerås Studentbostäder				35.7
Gransångaren AB				28.0
Västmanlandsmusiken		20.9		
Teater Västmanland		10.0		
Mälardalen's Fire and Emergency Services Association		70.0		8.4

AUDITOR'S REPORT

We recommend that the committees and boards and the elected officials in these bodies be discharged from liability.

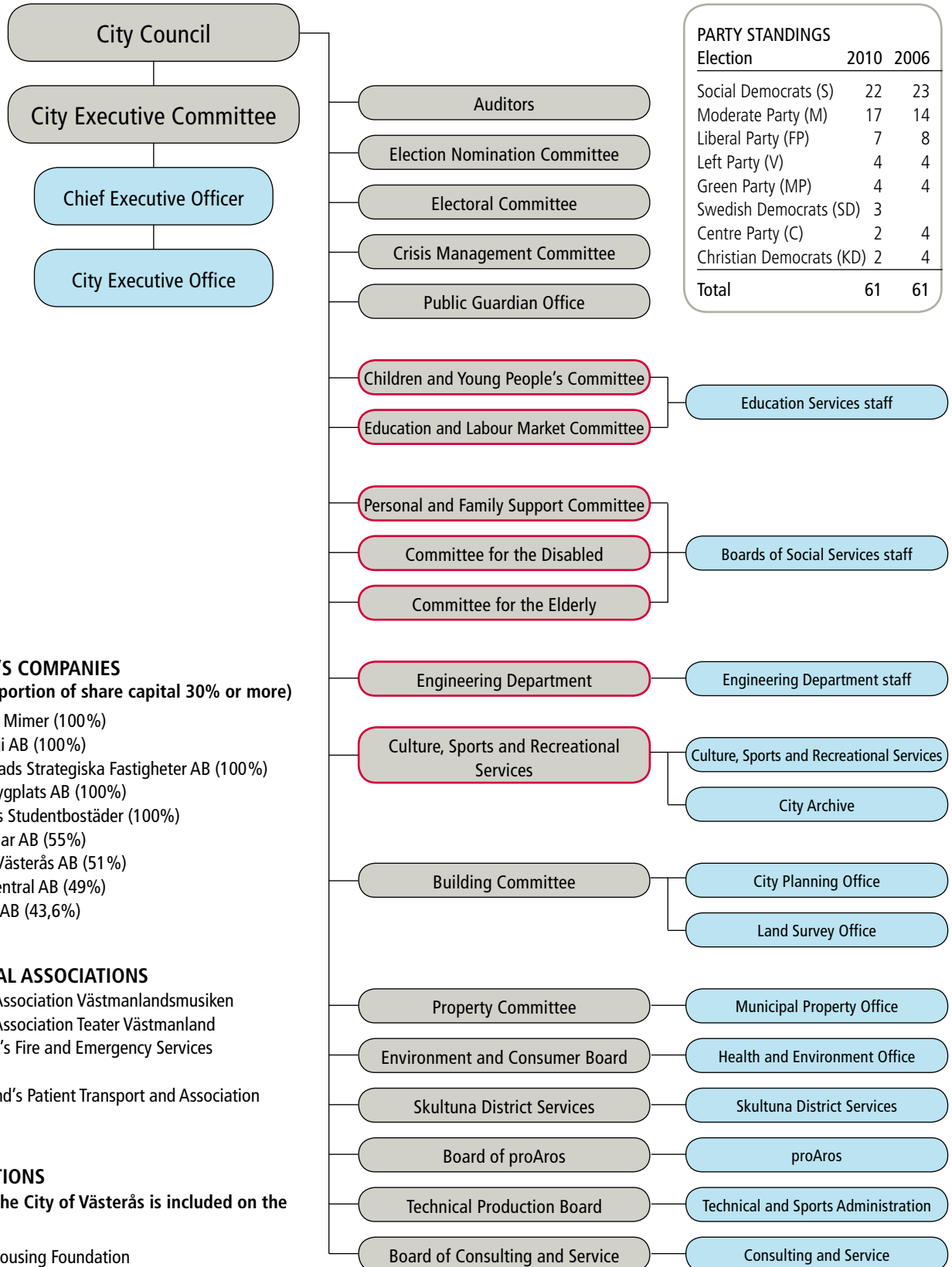
We recommend that the city's annual report is approved. It has been prepared in accordance with municipal accounting legislation.

The auditor's report has been prepared by Britt-Marie Pettersson, Jan Persson, Åke Johansson, Rune Ringvall, Magnus Olson-Sjölander, Håkan Sjögren, Karl Pejčić, Elisabeth Löf, Dan Moberg, Christian Karlsson and Peter Westersund.

Västerås 28 March 2011

Britt-Marie Pettersson	Karl Pejčić
Jan Persson	Elisabeth Löf
Åke Johansson	Dan Moberg
Rune Ringvall	Christian Karlsson
Magnus Olson-Sjölander	Peter Westersund
Håkan Sjögren	

ORGANISATIONAL CHART, 31-12-2010



THE CITY'S COMPANIES (City's proportion of share capital 30% or more)

- Bostads AB Mimer (100%)
- Mälarenergi AB (100%)
- Västerås Stads Strategiska Fastigheter AB (100%)
- Västerås Flygplats AB (100%)
- AB Västerås Studentbostäder (100%)
- Mälarhus AB (55%)
- Etablering Västerås AB (51%)
- Västerås Central AB (49%)
- VafabMiljö AB (43,6%)

MUNICIPAL ASSOCIATIONS

- Municipal Association Västmanlandsmusiken
- Municipal Association Teater Västmanland
- Mälardalen's Fire and Emergency Services Association
- Västmanland's Patient Transport and Association

FOUNDATIONS

Of which the City of Västerås is included on the Board

- Aroseken Housing Foundation
- Hysesbostäder in Tillberga Foundation
- Westmannastiftelsen

This is how tax funds are spent 2010

SEK 100 of municipal tax, used as follows

SEK 23.56	Compulsory School and recreation for 15,200 pupils
SEK 17.84	Nursing and care for the elderly with home help and special housing
SEK 12.21	Preschool for 7,200 children
SEK 10.75	Upper secondary school education for for 5,850 pupils and adult education
SEK 10.15	Services for the disabled
SEK 6.16	Individual and family care
SEK 5.54	Culture and Recreation Board, including sports facilities
SEK 3.31	Support allowance for 4,300 households
SEK 3.17	Maintenance of parks and 780 km of streets, cycle paths etc.
SEK 1.53	Labour market measures
SEK 1.50	Public transport
SEK 1.09	Fire and Emergency Services
SEK 3.19	The city's other operations



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